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USDOC FOR 532/OEA/M. NICKSON-DORSEY/J. HATFIELD
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: ORDNANCE FACTORY KHAMARIA,
JABALPUR, MADHYA PRADESH, LICENSE NO. D364294

REF: USDOC 05578

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Export Control Officer (ECO) Michael Rufe and BIS FSN Prem Narayan conducted a Pre-license Check (PLC) at Ordnance Factory Khamaria (OFK), Jabalpur, Madhya Pradesh, on November 15, 2006.

¶3. BIS requested a PLC at OFK, a GOI-owned unit under the Ordnance Factories Board, Ministry of Defence (MOD), located at Jabalpur 482005, Madhya Pradesh, Tel: 0761-2338894, Fax: 0761-2337301, email: ordkham@sancharnet.in, Website: www.ofbindia.gov.in. OFK was listed as the Ultimate Consignee and Deepkamal Chemical Private Ltd. (Deepkamal), Chennai, India, as the Foreign Purchaser for 52 kilograms of 95-97 percent Elemental Amorphous Boron powder controlled under ECCN 1C011. The license applicant was SB Boron Corp. (SB Boron), Bellwood, IL.

¶4. The ECO met for approximately 2 hours with R.A. Agrawal (Agrawal), General Manager, V. Srinivasan (Srinivasan), Additional General Manager, V.K. Tiwari (Tiwari), Joint General Manager, and M.K. Mohapatra (Mohapatra), Planning Officer. OFK. Under Secretary (AMS) Prashant Agrawal (Prashant), Ministry of External Affairs (MEA), GOI, facilitated the meeting. Prashant was also present in the meeting.

¶5. The OFK officials were not aware of the BIS regulations. This was the first USG or BIS official visit to OFK in Jabalpur, Madhya Pradesh. They stated that Deepkamal, the Foreign Purchaser, is the exclusive agent of SB Boron in India. SB Boron's website: www.sbboron.com, confirms that Deepkamal is their sole agent managing India, Pakistan, Sri Lanka and Bangladesh. OFK has been purchasing Boron powder from Deepkamal since 1994. For all Boron powder transactions, OFK officials submitted end-use statements to Deepkamal. However, Deepkamal has neither informed OFK about BIS export license requirements nor provided any license conditions to OFK.

¶6. Reftel stated that OEA conducted a search of BIS records for OFK and this appears to be the first BIS application for this party. BIS New Delhi recommends OEE ascertain whether SB Boron has been supplying Boron powder to Deepkamal for OFK prior to this license application. MEA later informed the ECO that previous shipments to Deepkamal for OFK were under State export licenses. Agrawal stated that for earlier transactions they were not sure whether Deepkamal sourced the Boron powder from SB Boron or elsewhere. For the proposed transaction, OFK inserted a clause in the tender document that bidder must disclose the identity of the supplier of Boron powder along with import documents.

¶7. OFK officials produced documentation pertaining to the proposed transaction for review including Deepkamal's quotation, OFK Purchase Order, OFK end-use statement, and details of previous Boron powder transactions purchased from Deepkamal including purchase order numbers, quantities, and dates. The documentation for the proposed transaction appeared in order and copies were provided through MEA.

¶8. Srinivasan gave a detailed slide presentation on various ammunitions OFK manufactures including the end-use of the Boron powder and transaction history of Boron powder that OFK has been sourcing from Deepkamal. The stated end-use was confirmed. OFK requires the Boron powder for manufacture of composition for various medium caliber ammunition. He stated that Boron powder is one of the ingredients used to fill the 84mm shells. There are four varieties in 84mm shells that are high explosive (HE), Illuminating, TPT and HEAT (high explosive anti-tank). These are all shoulder-fired rounds. The Boron powder along with other materials is used in the top portion of the 84mm shell in order to increase velocity and firepower. The Boron powder picks up the flash and rapidly activates the other explosive propellants. The HE 84mm shells are used against troops in open and in slit trenches. Illuminating is designed to meet the requirement for a very quick illumination of the target area. TPT is identical to HEAT but HEAT is costlier than TPT. HEAT is used against all types of armored fighting vehicles. The Boron powder is stored in a secure storage area, a designated officer is responsible for withdrawal and usage, and a disposition log is maintained.

¶9. Established in 1942, OFK is one of the 39 ammunition-manufacturing factories, functioning under the aegis of the Ordnance Factory Board (OFB), headquartered in Kolkata, Department of Defence Production, MOD. In addition to 39 factories, OFB has 58 laboratories. OFK is a state-of-the-art battlefield

equipment manufacturer. It is also engaged in explosive filling and assembling of medium and high caliber ammunition including small arms ammunition. The product range includes ammunition components hardware fuze, shell, primer and cartridge case for medium and high caliber ammunitions. The prime customers of OFK are the three armed forces of India, Para-military forces under the Ministry of Home Affairs and other defence departments. OFK employs approximately 2,364 personnel.

¶10. Recommendation: Post recommends Ordnance Factory Khamaria as a reliable recipient of the controlled U.S. origin commodity. All indications are that the listed commodity will be used in accordance with U.S. export control regulations (MKRUFE) Mulford